

From: Rob Runett, Motley Fool Funds <Fool@foolsubs.com>
Sent: Thursday, May 05, 2011 11:22 AM
To: Hanchett, James (DPH)
Subject: The Stupid Investment of the Week

They Laughed When We Launched a Mutual Fund...

Dear Fellow Investor:

When we launched our first mutual fund in June 2009, Chuck Jaffe, a veteran *MarketWatch* columnist, grumbled...

"An investor who takes a chance on the brand new Motley Fool Independence Fund before it proves that it can deliver on the big talk of its founders would be making the '**Stupid Investment of the Week**.'"

But since that time, the Fund's returns have been anything but stupid...

You be the judge! Simply watch this eye-opening new video to get the full story -- and find out if Motley Fool Independence Fund is the investment you've been looking for!

**CLICK HERE TO
WATCH THIS VIDEO
NOW!**

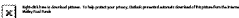
Good Investing!



Rob Runett
Director, Motley Fool Funds

P.S. You can now invest in Motley Fool Independence Fund (FOOLX) directly through your broker! Including Fidelity, Charles Schwab, TD Ameritrade, Scottrade, USAA, Vanguard, E*Trade, and others -- making it even easier to take the first step toward achieving your financial goals. Please contact your brokerage firm to find out if it offers Motley Fool Independence Fund.

P.P.S. If you prefer, simply read the enclosed message just ahead.



Guess who's laughing now? Our shareholders!

Discover why *Institutional Investor* named our portfolio manager a "Rising Star" -- and why Motley Fool Independence Fund may be the investment opportunity you've been looking for.

Dear Patient Investor:

When we launched our first mutual fund in June 2009, Chuck Jaffe, a veteran *MarketWatch* columnist, grumbled...

"An investor who takes a chance on the brand new Motley Fool Independence Fund before it proves that it can deliver on the big talk of its founders would be making the 'Stupid Investment of the Week.'"

Ouch! But in some small way, he was right. We *hadn't* proven ourselves.

Yet thousands of your fellow investors still entrusted us with more than \$100 million that first year alone. We're grateful that they did. And I imagine they're glad they did too...

Motley Fool Independence Fund Performance

Performance since inception (June
16, 2009-March 31, 2011)
Independence Fund: 56.79%

Motley Fool Independence Fund has earned them 56.7% since inception, beating its benchmark, the MSCI World Index, by 11.7 percentage points.

And what's more -- our portfolio manager, Bill Mann, has just been named a "Rising Star" by *Institutional Investor*, which cited Motley Fool Independence Fund's asset growth, performance, and investing style.

Just don't go thinking he's let it go to his head...

While Bill admits that it's gratifying to receive these sorts of accolades, it's never been his goal to win industry praise.

Bill strives to achieve long-term capital appreciation for shareholders.

And I think you'll agree he and his team have been successful so far... achieving returns of 56.7% in less than two years!

And though we can't guarantee that the Independence Fund will continue to perform so well, we do believe this performance was no accident...

Instead, we'd humbly suggest that our relentless value focus, combined with our contrarian, outsider's perspective and disciplined approach had more than a little to do with it.

Not to mention our ability to "go anywhere" in the world in search of the very best opportunities, regardless of market cap, industry, or geographical location... a strategy that's practically custom-made for today's globalized, crisis-driven market.

Sound good? Read on to discover more about our Motley Fool Independence Fund strategy, and how you can declare your independence today...

A different kind of mutual fund company

As our critics have pointed out, Motley Fool Funds is not your typical mutual fund company.

Our entire staff occupies just one unassuming corner of the first floor of the old Time-Life building in Alexandria, Virginia -- a world away from the massive Wall Street banks and huge financial-services conglomerates whose skyscrapers you see advertised on TV.

We don't have a bustling trading desk, or a seat on the exchange. Nor do we hobnob with investment bankers or hedge-funders.

Frankly, we're small. And we keep things simple. So be aware...

Winning industry awards is great. But it's not our focus. When you invest with us at Motley Fool Funds, you are investing in partnership with a small, dedicated team of stock analysts and a value-obsessed manager whose sole mission in life is to *dig up the market's hidden opportunities*.

In other words, the kind of investment opportunities that we're convinced can help YOU build your wealth and get you securely on the road to reaching your long-term financial goals.

And then there's the advantages of "going anywhere"

Some mutual funds focus on small companies. Others invest in mega caps... domestic growth stocks... or overseas opportunities. You might presume their managers -- the good ones at least -- have a wealth of specialized knowledge about their niche.

We think that's great -- *for them*.

But we opted for a different approach for you at Motley Fool Independence Fund. Bill Mann and our Motley Fool Funds management team have no *specific* mandate.

Instead, the Independence Fund is a "go anywhere" fund.

We might simultaneously be evaluating the world's largest technology company and a small, promising retail company from Malaysia...

We're as likely to invest your money in North Dakota's largest electric utility as in a nut merchant based in Singapore.

Among other things, this "go anywhere" ability allows us to avoid asset classes and regions that we think are overheated.

It also allows us to zero in on what we believe are the very best opportunities across the full market-cap spectrum and all over the globe.

In other words, times of great uncertainty and volatility -- *such as those we see today* -- are a sort of market nirvana for us. In no small part, that's because companies we know and admire suddenly drop to prices we believe to be significantly below their fair market values.

Our investing process is grounded in the belief that, eventually, the market wakes up to true value. That ownership in the world's very best companies offers shareholders like you a

MSCI World Index: 45.07%

One-year performance (March 31, 2010-March 31, 2011)
Independence Fund: 19.99%
MSCI World Index: 13.98%

**The performance data quoted represents past performance and does not guarantee future results. Current performance may be lower or higher. The investment return and principal of an investment will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Returns would have been lower without fee waivers in effect. The Fund has experienced relatively high performance which may not be sustainable or guaranteed into the future.*

genuine opportunity to increase your long-term wealth.

Investing with a "Rising Star"



Bill Mann, Motley Fool Funds
portfolio manager

For years, he was among the most widely followed of all of The Motley Fool's independent stock analysts. He was read regularly by investors worldwide.

In 2001, he went to bat for the individual investor before Congress, where he let loose on the stomach-churning abuses of Ken Lay's gang of white-collar crooks at Enron, among others.

Yet for all his work championing the individual investor, Bill Mann is first and foremost a dedicated stock analyst with a passport full of stamps from six continents and years of business and investing experience.

We believe this is a fortunate combination indeed. It's your opportunity to invest with an *Institutional Investor* "Rising Star" – and an analyst who combines of deep understanding of global markets with an unshakeable temperament and a lifelong commitment to you, the individual investor.

A fee structure that truly serves shareholders

There's another way Motley Fool Independence Fund is a little bit different from your typical mutual fund...

For starters, Motley Fool Independence Fund is a no-load fund. That means you never pay an up-front sales charge or commission to invest with us. You aren't made to pay so-called 12b-1 fees to help us market the fund, either.

And did we mention that we get paid for beating the market?

If we don't outperform our benchmark, we make less. That's because we've opted for an unusual compensation model that allows our fees to increase or decrease depending on the fund's performance.

In the industry, this is called a 'fulcrum fee' structure. You can learn more about how it works by reading the fund prospectus. (To see other fees associated with the fund, you may also consult the fund prospectus.)

This unusual component of our fee structure gives us the incentive to earn the highest possible return relative to the market, not merely pump up the fund's assets the way most other funds do.

Just as important, our award-winning portfolio manager, Bill Mann, is a meaningful shareholder in the fund... So he's investing right along with you.

And here's something else: The Motley Fool has \$1 million of its own money invested in Motley Fool Independence Fund.

So you see, our interests really are aligned with yours, in more ways than one.

No Index Hugging

"Motley Fool Independence Fund holds a diverse set of companies. But we're not diverse in one very important way: We see no benefit to owning companies that we don't know well or ones we don't believe in, but hold for the sake of 'diversity.'

Though the Independence Fund's benchmark is the MSCI World Index, we make no attempt to match its holdings or to mimic its performance. (Frankly, we think that too many mutual fund managers engage in that kind of index hugging.)

All of the companies we hold are ones that we believe we know, that we have an analytical edge on, and that we were able to buy at compelling prices." – Bill Mann

And the results speak for themselves. Motley Fool Independence Fund returned 56.7% since June 2009, beating the MSCI World Index by 11.7 percentage points.

The full Fool Funds experience

Here are a few more features and benefits you can always count on receiving from Motley Fool Funds...

Unwavering temperament: Because investing for your future is a marathon, not a sprint, we don't try to time the ups and downs of the market. We don't get rattled in rocky waters... or chase the latest Wall Street fad.

We invest your money with confidence – comfortable in the knowledge that if we've done our homework and bought great companies at good prices, the market may eventually see it our way.

Frank, friendly communications: We don't hide from you if things get tough. We'll talk to you frankly, in plain English, like a trusted partner.

At Motley Fool Funds, we hope you'll look forward to hearing from us – as we will certainly look forward to hearing from you.

Fair, performance-based fees: At Motley Fool Funds, we have a financial incentive to help you do better than the market. We've chosen a compensation model that allows our fees to increase or decrease depending on the performance of the fund.

In other words, our interests are aligned with yours. For more on our unusual performance-based 'fulcrum fee' structure, please read the fund prospectus.

21st-century convenience: The Motley Fool is an Internet success story, after all. Now, thanks to our secure, interactive website, FoolFunds.com, getting invested and managing your account has never been easier or more convenient.

A word about risk...

Of course, all investments come with risks. We don't promise that you'll make money with the fund. Over any given time period, no matter how hard or how long the fund's investment advisor works, the value of the fund could go down, and you could lose money, including principal.

We endeavor to find companies that are both great businesses and great investments, but there can be no guarantee that we will succeed. Keep in mind that Motley Fool Independence Fund is just two years old, without a long-term track record.

And because the fund is free to invest in companies of any size around the world, at times we may be heavily invested in small-cap stocks and foreign securities, each of which presents extra risk. Small-cap stocks tend to be more volatile and less liquid than their large-cap counterparts. Fluctuations in currency exchange rates can cause losses when investing in foreign securities, with emerging markets presenting additional risks of illiquidity, political instability, and lax regulation. We strongly encourage you to read more about the fund's strategies and risks in the prospectus.

Motley Fool Independence Fund seeks to achieve long-term capital appreciation by investing primarily in common stocks and equity-related securities. The fund is not for everyone. If you're seeking something other than long-term capital appreciation -- for example, current income to live on -- or if you're not comfortable with the risks, or if you expect to need your money back soon, this is not the fund for you.

Are you ready to invest? Hold on! Don't send us a penny unless...

As a member of The Motley Fool community, you know the routine. At Motley Fool Independence Fund, we're looking for patient, long-term investors. Shareholders whose investing temperament matches our own.

Frankly, we'd rather not take on investors who are tempted to pull out when stocks temporarily go on sale -- in other words, precisely when WE are most eager to go shopping for bargains.

Plus, unlike what we believe many other mutual funds are doing, we intend to be long-term, buy-and-hold investors. And not just because it makes life easier for our management team.

We firmly believe -- and the vast preponderance of evidence shows -- that market timing puts YOU at a grave disadvantage and greatly reduces your chance of outperforming the market over the long term.

For this reason, and to keep the fund's expenses low, we discourage small accounts and short-term trading by assessing a \$24 annual fee on accounts of less than \$10,000 in value, as well as a 2% redemption fee on shares redeemed within 90 days of purchase. (The redemption fee is paid directly to the fund and is designed to offset brokerage commissions, market impact, and other costs associated with short-term trading of fund shares.)

Declare your independence!

If you ARE a patient, long-term investor looking for the potential to build your wealth over time... and you're looking for a mutual fund that is a little bit different from what you've come to expect, Motley Fool Independence Fund may be just the thing for you.

We'd be happy to have you along with us on this lifelong journey...

Your next step is just as easy.

Get invested in Motley Fool Independence Fund now. Simply click the link below to get started. You'll have the chance to look over the fund prospectus. You'll also have the chance to purchase shares.

Click the link below to get started. Declare your independence!

Click Here to Get Invested!

Good Investing!



Rob Runett
Director, Motley Fool Funds

P.S. You can now invest in Motley Fool Independence Fund directly through your broker! Including Fidelity, Charles Schwab, TD Ameritrade, Scottrade, USAA, Vanguard, E*Trade, and others -- making it even easier to take the first step toward achieving your financial goals. Please contact your brokerage firm to find out if it offers Motley Fool Independence Fund.

Please consider the charges, risks, expenses and investment objectives carefully before you invest. Please [click here](#) to see a prospectus containing this and other information. Read it carefully before you invest or send money.

The investment advisor for Motley Fool Independence Fund is Motley Fool Asset Management, LLC, a wholly owned subsidiary of The Motley Fool Holdings, Inc., which is a multimedia financial-services holding company. Shares of the fund are distributed by BNY Mellon Distributors, Inc., King of Prussia, Pa., a registered broker-dealer not affiliated with The Motley Fool.

The Fund has experienced relatively high performance which may not be sustainable or guaranteed in the future.

A redemption fee of 2.00% of the then-current value of shares redeemed is imposed on redemptions of shares made within 90 days of purchase (i.e., the redemption is effective on or before the 90th day following the date of purchase), subject to certain exceptions.

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